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Director and Chief Medical Officer

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Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

June 16, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF DELEGATED AUTHORITY TO THE DIRECTOR OF HEALTH SERVICES TO ENTER INTO AN AGREEMENT WITH LA CARE HEALTH PLAN FOR PARTICIPATION IN THE HEALTHY KIDS PROGRAM (All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services, or his designee, to negotiate and execute an agreement with the L.A. Care Health Plan for the provision of inpatient, emergency and hospital outpatient surgery services for the purposes of participation in the Healthy Kids Program with the term of which is not to exceed five years and with the scope of services and rates to be in accordance with parameters set forth herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

By approving this recommendation and delegating authority to the Director of Health Services, the Board is instructing the Department to complete negotiations and execute an agreement with L.A. Care Health Plan (L.A. Care) whereby the County would provide health care services to low-income children enrolled in the Healthy Kids Program.

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

FISCAL IMPACT/FINANCING:

The agreement with L.A. Care is anticipated to bring revenue into the DHS system through reimbursement received for the provision of inpatient, emergency, and hospital outpatient surgery services to children enrolled in the Healthy Kids Program. However, the exact amount of revenue cannot be determined until such time as the program is operational and eligible participants have selected a provider. It is estimated that some of these children already are utilizing services through DHS facilities. This agreement would provide the Department with reimbursement for services it may presently be providing without receiving payment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 11, 2002, First 5 LA approved the expenditure of \$100 million over five years to fund the Healthy Kids initiative, which is designed to provide health coverage to children ages 0-5 living in Los Angeles County whose family incomes are below 300 percent of the federal poverty level and who are not eligible for the Medi-Cal or Healthy Families programs. First 5 LA estimates that some 15,000 children living in Los Angeles County will be eligible for coverage under the Healthy Kids Program.

First 5 LA approved an agreement on March 13, 2003, with L.A. Care to administer the Healthy Kids Health Insurance Product, which is a licensed insurance product line offered by L.A. Care Health Plan under its Knox Keene license. Enrollees would be protected by the statutory and regulatory requirements of the Knox Keene Act. Healthy Kids will begin operation on July 1, 2003.

In order to ensure Healthy Kids participants have access to a broad network of health care providers, L.A. Care asked DHS to become a participating provider in this program. Given the limited time available under the implementation requirements, DHS is seeking delegated authority to execute an agreement with L.A. Care for the provision of inpatient, emergency, and hospital outpatient surgery services under the Healthy Kids program. The Department will seek County Counsel and Chief Administrative Office review and approval prior to execution of the agreement. The Department also is continuing to negotiate with L.A. Care regarding its participation as a primary care provider under this program.

The contract between the Department and L.A. Care will set forth a specified scope of benefits in accordance with the requirements set forth by the Healthy Kids Program. The term of the agreement will be for one year with four one-year extensions for a total term of up to five years. Either party will be able to terminate this agreement without cause with notice of between 120 and 180 days to the other party.

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The Department will ensure that the negotiated inpatient payment rates are not less than either the County's inpatient Medi-Cal per diem contract rate currently in effect or the applicable County Hospital's estimated average variable cost for the applicable inpatient services. Emergency room services and hospital outpatient surgery rates are set at the maximum allowable payment rates for those types of services.

CONTRACTING PROCESS:

Not applicable. L.A. Care approached DHS to become a participating provider in their network.

IMPACT ON CURRENT SERVICES OR PROJECTS:

The completed contract will enable the Department to seek reimbursement for Healthy Kids participants who receive health care services in DHS facilities.

CONCLUSION:

The Board approval of delegated authority will allow the Department to execute an agreement to become a participating provider in the Healthy Kids Program upon completion of negotiations with L.A. Care.

Sincerely,

Thomas L. Garthwaite, MD
Director and Chief Medical Officer

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Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. TYPE OF SERVICES:

DHS hospitals would participate in the L.A. Care Health Plan network to provide inpatient, emergency, and hospital outpatient surgery services to children enrolled in the Healthy Kids Program.

2. AGENCY NAMES AND CONTACT PERSON:

Howard Kahn, CEO
LA Care Health Plan
555 West 5th Street, 18th Floor
Los Angeles, CA 90013
(213) 694-1250, ext. 4151

3. TERM:

To be determined, but not to exceed one year with four one-year extensions.

4. FINANCIAL INFORMATION:

The agreement with L.A. Care is anticipated to bring revenue into the DHS system through reimbursement received for the provision of inpatient, emergency, and hospital outpatient surgery services to Healthy Kids children. However, the exact amount of revenue cannot be determined until such time as the rate of reimbursement is negotiated between DHS and L.A. Care.

5. GEOGRAPHIC AREAS SERVED:

All areas.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Larry Gatton
DHS Financial Services
(213) 240-8366

7. APPROVALS:

Department of Health Services:
Contracts and Grants Division:
County Counsel:

Fred Leaf, Chief Operating Officer
Riley Austin, Acting Chief
Leela Kapur, Assistant County Counsel